Eco World Development (ECW MK)

3QFY25: In Line; 10MFY25 Property Sales Exceed Expectations

BUY (Maintained)	
Share Price	RM2.25
Target Price	RM2.60
Upside	15.4%

Analyst(s)
Ng Jo Yee
joyee@uobkayhian.com
+603 2147 1984

Highlights

- 3QFY25 results were within expectation, with core PATAMI reaching RM101m (-12% qoq; +13% yoy).
- 10MFY25 property sales of RM3.8b was higher than our expectation.
- Maintain BUY and lift target price to RM2.60 as we roll over our valuation base to FY26 and trim the RNAV discount from 32% to 27% on faster-than-expected landbank turnover.

3QFY25 Results

Year to 31 Oct (RMm)	3QFY25 (RMm)	3QFY24 (RMm)	2QFY25 (RMm)	qoq % chg	yoy % chg	9MFY25 (RMm)	yoy % chg
Revenue	761.9	878.2	526.2	(13.2)	44.8	2,179.8	34.6
Gross Profit	221.2	264.8	164.7	(16.5)	34.2	639.2	45.1
Opex	(80.6)	(76.8)	(65.4)	5.0	23.2	(216.6)	27.2
EBIT	166.1	211.0	129.1	(21.3)	28.6	495.4	37.5
Net Interest	(36.9)	(20.2)	(32.7)	82.6	12.9	(85.3)	(9.3)
Shares of JV & Associates	10.8	8.1	15.0	34.7	(27.6)	32.7	(9.8)
PBT	140.0	198.8	111.4	(29.6)	25.7	442.7	46.4
Taxation	(38.9)	(69.0)	(31.0)	(43.6)	25.8	(131.5)	60.0
PATAMI	101.2	129.8	80.4	(22.1)	25.8	311.3	41.4
Core PATAMI	100.5	113.7	89.2	(11.6)	12.8	293.6	26.6
Margin	**%**	**%**	**%**	**ppt**	**ppt**	**%**	**ppt**
EBIT margin (%)	21.8	24.0	24.5	(2.2)	(2.7)	22.7	0.5
Core PATAMI margin (%)	13.2	13.0	16.9	0.2	(3.7)	13.5	(0.8)

Source: Eco World Development, UOB Kay Hian

Analysis

- **In line.** Eco World Development (ECW) reported a 3QFY25 core PATAMI of RM100.5m (-11.6% qoq; +12.8% yoy) on a revenue of RM761.9m (-13.2% qoq; +44.8% yoy). This brings 9MFY25 core PATAMI to 73% of our and the street's estimates respectively, which we deem in line. Net gearing declined to 0.53x as of end-3QFY25 (vs 0.55x as of end-2QFY25). Unbilled sales declined to RM5,140m as of end-Aug 25 (vs RM5,215m as of end-May 25).
- **Declared a dividend of 2 sen for 3QFY25,** bringing 9MFY25 dividend to 5 sen (vs 9MFY24: 4 sen).

Key Financials

Year to 31 Oct (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	2,227	2,258	2,812	3,423	3,734
EBITDA	409	490	638	774	807
Operating profit	389	468	619	753	784
Net profit (rep./act.)	189	304	403	469	553
Net profit (adj.)	273	354	403	469	553
EPS (sen)	9.3	11.5	12.7	14.8	17.4
PE (x)	24.2	19.6	17.7	15.2	12.9
P/B (x)	1.4	1.4	1.3	1.3	1.3
EV/EBITDA (x)	9.0	6.9	8.5	7.0	6.8
Dividend yield (%)	2.7	2.7	3.0	3.2	3.5
Net margin (%)	12.3	15.7	14.3	13.7	14.8
Net debt/(cash) to equity (%)	25.0	18.4	57.3	54.8	52.5
Interest cover (x)	3.3	4.2	4.4	3.7	4.0
ROE (%)	4.2	6.6	8.6	9.7	11.1
Consensus net profit	-	-	400	511	524
UOBKH/Consensus (x)	-	-	1.01	0.92	1.06

Source: Eco World Development, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	**Real Estate**
Bloomberg ticker:	ECW MK
Shares issued (m):	2,994.0
Market cap (RMm):	6,736.4
Market cap (US$m):	1,605.0
3-mth avg daily t'over (US$m):	2.6

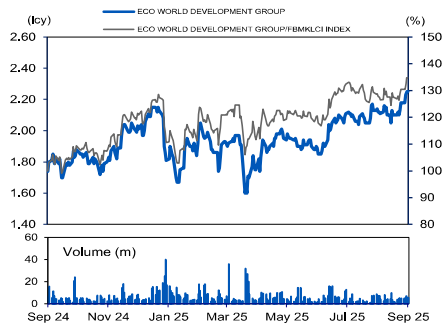
Price Performance (%)

52-week high/low	**RM2.26/RM1.52**

Major Shareholders

	%
Sinarmas Harta Sdn Bhd	32.4
Liew Tian Xiong	7.2
Liew Kee Sin	5.9
FY25 NAV/Share (RM)	2.35
FY25 Net Debt/Share (RM)	1.87

Price Chart



Source: Bloomberg

Company Description

Property developer with exposure in the Klang Valley, Iskandar Malaysia and Penang.

- **Property sales ahead of our expectation.** ECW's 10MFY25 property sales of RM3.8b reached 92% of our full-year sales forecast of RM4.2b. Residential property sales grew 18% yoy during Jun-Aug 25, of which, Eco Townships and Eco Rise rose 96% yoy and 10% yoy respectively. During Jun-Aug 25, the company launched Se.Ruma and Se.Ruma Square under Eco Sanctuary, landed homes under Eco Majestic, and industrial land and detached factory under EBP2. Looking ahead, FY26 sales will be supported by three major launches: EBP7 (by Nov 25), Eco Radiance (by 1QFY26) and Eco Botanic 3 (by Oct 25).
- **Strong registration of interest for EB3 and EBP7.** EBP 7, which is targeting to launch >300 units comprising plot land and factories, has received strong registration of interest, with inquiries mainly from the aerospace and air-freight logistics sector. Meanwhile, Eco Botanic 3 attracted over 1,450 registrants (mainly Malaysians) in Aug 25 for the upcoming maiden phase launch – Hi.Jau. We understand that the selling price for this phase is at RM450psf.
- **Net gearing ratio is expected to remain elevated in the near term** (vs 0.53x as of end-3QFY25), but will be supported by strong cash generations from 16-18 mature projects and remaining data centre land sales proceeds of about RM1.3b, which will be recognised in FY26.

Valuation/Recommendation

- Maintain BUY with a higher target price of RM2.60 (from RM2.50) as we roll over our valuation base to FY26 and lower our discount to RNAV from 32% to 27%. Our target price implies 1.5x FY26F-27F P/B (+2SD of 10-year mean: 0.7x) and 17.6x/14.5x FY26F/27F PE, which is considered fair given a 17% CAGR during FY25-27 and a structural uplift in earnings quality from the inclusion of recurring data centre rental income.

Earnings Revision/Risk

- No earnings revision.

Environmental, Social, Governance (ESG)

Environmental

- 36% reduction in Scope 2 GHG emissions (market electricity) from FY19 to FY24.

Social

- 100% of ECW's suppliers for building materials and main contractors are local.

Governance

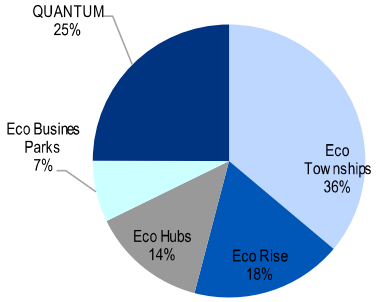
- Good company transparency along with an Anti-Bribery and Anti-Corruption Policy.

Rnav Target Price Of Rm2.60/Share

NPV of Development Profits	(RMm)
Central Region	3,627
Southern Region	1,688
Northern Region	392
DC build-to-lease (80% stake)	713
Total	6,421
Shareholders' Funds	4,894
RNAV	11,315
Enlarged Share base	3,175
RNAV/share	3.56
Discount	27%
Target Price (RM/share)	2.60

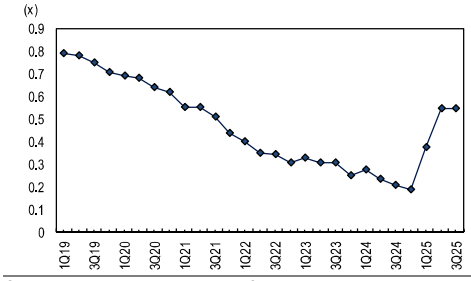
Source: Eco World Development, UOB Kay Hian

10MFY25 Sales Contribution By Revenue Pillars



Source: Eco World Development, UOB Kay Hian

Net Gearing Level



Source: Eco World Development, UOB Kay Hian

One-year Forward P/B Band

Source: Eco World Development, UOB Kay Hian

DC Land Sales Status

Operator	Size (acre)	Sales proceed (RMm)	Status
Microsoft	123.4	402.3	To recognize 30% in FY26
Princeton Digital	57.0	223.8	To recognize 20%/80% in 2HFY25/FY26
Microsoft	138.5	693.9	To complete by 1HFY26
Pearl Computing	58.1	266.1	To complete by FY26

Source: Eco World, UOB Kay Hian

Profit & Loss

Year to 31 Oct (RMm)	2024	2025F	2026F	2027F
Net turnover	2,258	2,812	3,423	3,734
EBITDA	490	638	774	807
Deprec. & amort.	22	19	21	23
EBIT	468	619	753	784
Associate contributions	101	59	71	147
Net interest income/(expense)	(117)	(147)	(207)	(203)
Pre-tax profit	407	531	617	728
Tax	(103)	(127)	(148)	(175)
Minorities	-	-	-	-
Net profit	304	403	469	553
Net profit (adj.)	354	403	469	553

Balance Sheet

Year to 31 Oct (RMm)	2024	2025F	2026F	2027F
Fixed assets	131	140	153	168
Other LT assets	5,438	7,646	7,918	8,264
Cash/ST investment	1,357	1,649	1,541	1,404
Other current assets	1,998	2,173	2,367	2,465
Total assets	8,923	11,609	11,979	12,301
ST debt	495	795	695	595
Other current liabilities	1,565	1,763	1,994	2,112
LT debt	1,763	3,763	3,763	3,763
Other LT liabilities	2,266	2,764	2,895	2,913
Shareholders' equity	4,894	5,081	5,320	5,624
Minority interest	-	-	-	-
Total liabilities & equity	8,923	11,609	11,979	12,301

Cash Flow

Year to 31 Oct (RMm)	2024	2025F	2026F	2027F
Operating	**890**	**883**	**664**	**651**
Pre-tax profit	407	531	617	728
Tax	(98)	(127)	(148)	(175)
Deprec. & amort.	22	19	21	23
Associates	(101)	291	(71)	(147)
Working capital changes	713	23	38	19
Other operating cashflows	(53)	147	207	203
Investing	**(302)**	**(2,528)**	**(234)**	**(237)**
Capex (growth)	(475)	(2,500)	(200)	(200)
Capex (maintenance)	(16)	(28)	(34)	(37)
Investments	(125)	-	-	-
Proceeds from sale of assets	-	-	-	-
Others	313	-	-	-
Financing	**(449)**	**1,938**	**(537)**	**(552)**
Dividend payments	(177)	(216)	(230)	(249)
Issue of shares	-	-	-	-
Proceeds from borrowings	(273)	2,300	(100)	(100)
Others/interest paid	0	(147)	(207)	(203)
Net cash inflow (outflow)	**138**	**292**	**(108)**	**(138)**
Beginning cash & cash equivalent	**1,337**	**1,357**	**1,649**	**1,541**
Changes due to forex impact	(118)	-	-	-
Ending cash & cash equivalent	**1,357**	**1,649**	**1,541**	**1,404**

Key Metrics

Year to 31 Oct (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	21.7	22.7	22.6	21.6
Pre-tax margin	18.0	18.9	18.0	19.5
Net margin	13.4	14.3	13.7	14.8
ROA	3.1	3.6	4.1	4.8
ROE	6.6	8.6	9.7	11.1
Growth				
Turnover	1.4	24.5	21.7	9.1
EBITDA	19.8	30.1	21.4	4.3
Pre-tax profit	50.7	30.4	16.2	18.0
Net profit	60.3	32.8	16.2	18.0
Net profit (adj.)	29.5	13.9	16.2	18.0
EPS	23.6	10.6	16.2	18.0
Leverage				
Debt to total capital	46.2	89.7	83.8	77.5
Debt to equity	46.2	89.7	83.8	77.5
Net debt/(cash) to equity	18.4	57.3	54.8	52.5
Interest cover (x)	4.2	4.4	3.7	4.0

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act 2001 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas ("PT UOBKH"), which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOB Kay Hian (M) Sdn. Bhd. ("UOBKHM") (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

http://research.uobkayhian.com

RCB Regn. No. 197000447W